

DEPARTMENT OF FINANCE BILL ANALYSIS

AMENDMENT DATE: 06/15/2012
POSITION: Oppose

BILL NUMBER: SB 447
AUTHOR: DeSaulnier, Mark

BILL SUMMARY: State Agency: Social Security Numbers

This bill would prohibit a state agency from sending any communication to an individual that contains the full social security number (SSN) of that person unless it is required by federal law.

FISCAL SUMMARY

This bill would have an unknown cost to state agencies that currently send information to individuals that contains a full SSN, as specified in this measure, including departments that are funded by the General Fund. For example, the Employment Development Department (EDD) identifies a one-time cost of \$4.5 million (various special funds) for programming costs to revise 242 different type of forms; although it appears that the EDD may not be required to make these changes due to the exemption for federally required usage of the SSN.

COMMENTS

The Department of Finance is opposed to this bill because it would result in unknown costs to state agencies that currently send information to individuals that contains a full SSN, including departments that are funded by the General Fund.

ANALYSIS

1. Programmatic Analysis

Existing federal law:

- Allows some government agencies such as tax authorities, welfare offices, State Department of Motor Vehicles to require individuals to provide their SSN for identification purposes.
- Requires a federal, state or local agency to inform an individual if it is mandatory to provide the SSN when requested.

Existing state law:

- Prohibits a person or entity from printing an individual's SSN on any materials that are mailed to the individual, unless state or federal law requires the social security number to be on the document to be mailed.

This bill would:

- Prohibit a state agency from sending any communication to an individual that contains the full SSN of that person unless it is required by federal law.

Analyst/Principal P. Abahazi	Date	Program Budget Manager Kristin Shelton	Date
Department Deputy Director		Date	
Governor's Office:	By:	Date:	Position Approved _____ Position Disapproved _____
BILL ANALYSIS			Form DF-43 (Rev 03/95 Buff)

DeSaulnier, Mark

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ANALYSIS (continued)

Discussion: According to the author's office the intent of the bill is to protect individuals from identity theft due to stolen mail containing their SSN.

Although other state agencies may be affected, the EDD and CalPERS have outlined the following impact to their operations: EDD is required under federal law to collect claimants' SSN as a condition of eligibility for Unemployment Insurance (UI) benefits. The federal law also requires states to have an Income and Eligibility Verification System and to use claimants' SSNs to cross reference wage with UI benefit claim information. Currently CalPERS uses SSN as the primary identifier when communicating with its health plan participants. Federal law requires group health plans to collect and provide member Social Security numbers for the coordination of federal and state benefits. CalPERS uses SSN for enrollee identification for eligibility processing and verification, payroll deduction and state contribution for state employees, billing and contracting agencies for employee and employer contributions, reports to the Public Employees' Retirement System and coordination of benefits among carriers. Revising the computer system that identified members by SSN would be costly. CalPERS could also have costs to having to manually redacting SSNs from documents mailed to health care participants until automated systems are updated.

2. **Fiscal Analysis**

At the time of this analysis several departments provided estimates relative to the impact of this measure. Based on the information received to date, and assuming that other departments will also be affected, including some departments funded by the General Fund, this bill is likely to result in unknown but potentially significant costs to modify systems and forms that collect and disseminate this information. The following summarizes information provided at the time of this analysis:

EDD: \$4.5 million (various special funds) for programming cost to revise 242 different type of forms. However, we note that EDD may be exempt from this measure because the collection of this data is federally required.

California Public Employees' Retirement System: Some potential fiscal impact, currently unknown.

Emergency Services Medical Authority: No significant impact.

Department of Public Health: Unknown fiscal cost.

Department of Developmental Services: Unknown fiscal cost.

Department of State Hospitals: Minor and absorbable costs for the additional workload required by this measure.

AUTHOR

AMENDMENT DATE

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	SO	(Fiscal Impact by Fiscal Year)							
Code/Department	LA	(Dollars in Thousands)							
Agency or Revenue	CO	PROP					Fund		
Type	RV	98	FC	2012-2013	FC	2013-2014	FC	2014-2015	Code
1900/PERS	SO	No		----	See Fiscal Analysis	----			0001
4120/Emer Med Svc	SO	No		----	See Fiscal Analysis	----			0001
4320/State Hosptl	SO	No		----	See Fiscal Analysis	----			0001
7100/EDD	SO	No	A	4,500	A	--	A	--	0870
9990/Var Depts	SO	No		----	See Fiscal Summary	----			0001

<u>Fund Code</u>	<u>Title</u>
0001	General Fund
0870	Unemployment Administration Fund